

## Message Text

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9252

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 6618

E.O. 11652: GDS

TAGS: PINT VE

SUBJ: STRAINS BETWEEN PRESIDENT PEREZ AND THE ACCION DEMOCRATICA  
PARTY AND WITHIN THE PARTY

SUMMARY. ALTHOUGH PRESIDENT CARLOS ANDRES PEREZ AND THE GOVERNING ACCION DEMOCRATICA PARTY OUTWARDLY APPEAR FIRMLY ENTRENCHED AS THE POLITICAL POWER STRUCTURE OF VENEZUELA, STRESS AND STRAIN FROM VARIOUS CAUSES ARE INTENSIFYING BETWEEN THE PRESIDENT AND HIS PARTY, ON THE ONE HAND, AND ON THE OTHER, WITHIN THE PARTY ITSELF. THESE STRAINS DO NOT THREATEN THE STABILITY OF THE GOVERNMENT, BUT AS VENEZUELA FACES THE DIFFICULT PERIOD OF ADJUSTMENT TO A NATIONALIZED PETROLEUM INDUSTRY, THESE FRICTIONS COULD ASSUME UNUSUAL SIGNIFICANCE. END SUMMARY.

1. RELATIONS BETWEEN PEREZ AND ACCION DEMOCRATICA HAVE BEEN SUBJECT TO STRAIN OF LATE DUE TO A GROWING CONVICTION WITHIN THE PARTY THAT THE PRESIDENT FEELS HE NO LONGER NEEDS THE PARTY AND CAN SAFELY IGNORE IT. ONE OF THE PRINCIPAL SOURCES OF FRICTION HAS BEEN THE PRESIDENT'S INCLINATION TO PROMOTE NON-PARTY MEMBERS (SUCH AS FEDERAL DISTRICT GOVERNOR DIEGO ARRIA OR AMBASSADOR TO THE US BURELLI RIVAS), OR PERSONS RATHER TENUOUSLY IDENTIFIED WITH AD (SUCH AS PLANNING AND COORDINATION MINISTER GUMERSINDO RODRIGUEZ AND FOREIGN MINISTER RAMON ESCOVAR SALOM) INTO POSITIONS OF GREAT TRUST AND RESPONSIBILITY IN PREFERENCE TO LONG-TIME LOYAL ADECOS. RESENTMENT AMONG PARTY LEADERS AND RANK-AND-  
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FILE ALIKE PARTICULARLY CENTERS UPON DIEGO ARRIA AND GUMERSINDO

RODRIGUEZ. ARRIA--HANDSOME, GLAMOROUS AND ABLE--DOES NOT HIDE HIS POLITICAL AMBITIONS AND MANY ADECOS AND NON-ADECOS ALIKE SUSPECT HIM OF HARBORING PRESIDENTIAL ASPIRATIONS AND OF PLOTTING, PERHAPS WITH THE PRESIDENT'S COVERT ASSISTANCE, TO SECURE THE NEXT PRESIDENTIAL NOMINATION OF EITHER AD OR OF A NEW PARTY WHICH WOULD DRAW STRENGTH AWAY FROM AD. IN ANY EVENT, ARRIA'S VAULTING AMBITIONS, HIS INSTINCT FOR PUBLICITY, AND HIS STATUS AS CAP'S REIGNING PROTEGE ARE SOURCES OF DISQUIET AND ANNOYANCE TO ADECO REGULARS. GUMERSINDO RODRIGUEZ--POWERFUL, DICTATORIAL AND INACCESSIBLE--IS WIDELY DISTRUSTED BY MANY ADECOS AS A POWER-HUNGRY TECHNOCRAT WHO IS BENT ON REVAMPING THE DOMESTIC ECONOMY ALONG DANGEROUSLY NON-TRADITIONAL LINES. THE ADECOS GRUMBLE THAT PEREZ SHOULD DRAW MORE FROM THE POOS OF EXPERIENCED ADECO ADMINISTRATORS REMAINING FROM THE BETANCOURT AND LEONI GOVERNMENTS TO FILL THE GOVERNMENT'S TOP JOBS. RODRIGUEZ'S UN-POPULARITY WITH THE BUSINESS COMMUNITY AS WELL AS THE ADECO LEADERSHIP RECENTLY LED TO BOTH MAKING A CONCERTED BUT UNSUCCESSFUL EFFORT TO GET RID OF HIM. RODRIGUEZ HUNKERED DOWN, THE PRESIDENT REFUSED TO BUDGE AND RODRIGUEZ CONTINUES IN PLACE, TO THE DISMAY OF THE PARTY LEADERSHIP. MEANTIME, A DETERMINED MOVE IS REPORTEDLY AFFOT, PRUPORTEDLY SUPPORTED BY EX-PRESIDENT ROMULO BETANCOURT AND AD PARTY PRESIDENT GONZALO BARRIOS, TO FORCE PEREZ TO DISMISS DIEGO ARRIA FROM HIS HIGHLY VISIBLE POST.

2. ANOTHER SERIOUS SOURCE OF FRICTION BETWEEN PRESIDENT PEREZ AND THE AD PARTY IS DISAGREEMENT OVER THE IMPLEMENTATION OF THE NATIONALIZATION OF THE VENEZUELAN PETROLEUM INDUSTRY. THE PRESIDENT IS INSISTING THAT FOREIGN PRIVATE ENTERPRISE BE PERMITTED A ROLE IN THE FUTURE OPERATION OF THE NATIONALIZED PETROLEUM INDUSTRY. THIS IS STRONGLY OPPOSED BY ALL THE OPPOSITION PARTIES, FOR VARYING REASONS. MANY ADECOS, INCLUDING SOME OF THE PARTY'S TOP LEADERSHIP, REPORTEDLY FEAR THAT IF THE PRESIDENT INSISTS ON USING AD'S MAJORITY IN BOTH HOUSES OF CONGRESS TO STEAMROLLER SUCH A PROVISION INTO THE NATIONALIZATION LAW, AD WILL FACE SUBSEQUENT ACCUSATIONS BY COPEI AND THE OTHER OPPOSITION GROUPS THAT THE NATIONALIZATION PROCESS WAS THWARTED AND "SOLD OUT" TO FOREIGN INTERESTS. IT IS BELIEVED THAT PEREZ WANTS THE CONGRESS TO PASS THE NATIONALIZATION LAW BEFORE THE AD NATIONAL CONVENTION BEGINS IN MID-JULY IN ORDER TO KEEP INTRA-PARTY DISAGREEMENT OVER THE BILL WHILE IT IS STILL BEING DEBATED IN CONGRESS FROM DISRUPTING

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THE CONVENTION. IT IS REPORTED THAT PARTY PRESIDENT BARRIOS AND OTHER AD CHIEFS ARE INSISTING THAT THE DEBATE NOT BE HURRIED, AND THAT THE CONVENTION COMMENCE ON JULY 17 AS PLANNED, SO AS TO IMPRESS ON THE PRESIDENT HIS DEPENDENCE UPON AD AND ALSO TO TRY TO OBTAIN FROM THE PRESIDENT CONCESSIONS TO THE PARTY ON PETROLEUM NATIONALIZATION, PATRONAGE APPOINTMENTS AND OTHER ISSUES. (THE DELIBERATE PACE OF DEBATE IN THE VENEZUELAN CONGRESS ON THE OIL NATIONALIZATION BILL MAKES IT LESS AND LESS LIKELY THAT IT WILL

BE PASSED BEFORE JULY 17.)

3. OTHER IRRITANTS BETWEEN THE PRESIDENT AND HIS PARTY ARE RESENTMENT BY MANY ADECOS OF PEREZ'S LINKS WITH BIG BUSINESS (THEY CITE THE STILLBORN PENTACOM PLAN--CARACAS 4988--AS AN EXAMPLE), WHICH THEY REGARD AS A BETRAYAL OF THE PARTY'S POPULIST ORIGINS; WORRY OVER PEREZ'S APPARENT DESIRE TO EFFECT A RAPPROCHEMENT WITH CUBA, WHICH SEEMS TO THE OLDER OR MORE CONSERVATIVE ADECOS (APPARENTLY INCLUDING EX-PRESIDENT AND AD PARTY FOUNDER ROMULO BETANCOURT, WHOSE RELATIONS WITH PEREZ NOWADAYS ARE LESS CLOSE THAN BEFORE) TO INVITE RENEWAL OF CASTRO'S EFFORTS TO SUBVERT VENEZUELA'S HARD-WON DEMOCRACY, WITHOUT AT THE SAME TIME CONFERRING ANY APPARENT CORRESPONDING ADVANTAGE UPON VENEZUELA; UNHAPPINESS WITH PEREZ'S BOLIVARIAN POSTURINGS, COUPLED WITH FEAR THAT PEREZ MAY INTEND TO RUN AGAIN FOR PRESIDENT IN 1978, THUS PERPETUATING HIMSELF IN OFFICE (AT THE EXPENSE OF SOME OTHER ADECO) AND CONCERN OVER RUMORS THAT PEREZ IS TOLERATING LARGE-SCALE CORRUPTION AMONG HIS FAVORITES (WHO AGAIN ARE NOT ALWAYS DESERVING ADECOS), WHILE PURPORTEDLY LEADING A LICENTIOUS PERSONAL LIFE.

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FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC 9253

C O N F I D E N T I A L SECTION 2 OF 2 CARACAS 6618

4. STRESSES WITHIN THE RULING ACCION DEMOCRATICA PARTY HAVE INTENSIFIED AS THE DATE OF THE PARTY'S NATIONAL CONVENTION, STILL SCHEDULED TO BEGIN JULY 17, APPROACHES. SINCE FEBRUARY OF THIS YEAR PARTY ELECTIONS FIRST AT THE LOCAL, THEN AT THE DISTRICT AND FINALLY AT THE STATE LEVEL HAVE BEEN TAKING PLACE ALL OVER THE COUNTRY TO SELECT DELEGATES TO THE NATIONAL CONVENTION, WHO

IN TURN WILL ELECT THAT PARTY'S NATIONAL LEADERS, INCLUDING ITS SECRETARY GENERAL. THESE ELECTIONS HAVE BEEN UNUSUALLY TENSE, OWING TO THE OPEN AND BITTER RIVALRY BETWEEN DEPUTY DAVID MORALES BELLO (MANAGER OF PEREZ'S SUCCESSFUL PRESIDENTIAL CAMPAIGN AND A FIERCE ANTI-COPEI PARTISAN WHO CLAIMS THE PRESIDENT'S BACKING) AND DEPUTY LUIS PINERUA ORDAZ, UNTIL JANUARY OF THIS YEAR MINISTER OF THE INTERIOR AND NOW THE CHOICE OF MOST OF THE PARTY'S OLD-GUARD REGULAR LEADERSHIP AS WELL AS A FRONT-RUNNER FOR THE AD 1978 PRESIDENTIAL NOMINATION. THUS FAR PINERUA HAS WON THE LION'S SHARE OF THE STATE AND LOCAL PARTY ELECTIONS (SOME OF WHICH HAVE BEEN ATTENDED BY LOW-LEVEL VIOLENCE), FAR OUTDISTANCING MORALES, WHO HAS PUBLICLY CHARGED PINERUA'S SUPPORTERS WITH FRAUD AND INTIMIDATION.

5. PINERUA HAS CONSOLIDATED HIS POSITION TO THE EXTENT THAT HIS SUPPORTERS NOW CLAIM SEVENTY PERCENT OF THE DELEGATES TO THE NATIONAL CONVENTION. (ONLY THE ZULIA STATE DELEGATION HAS NOT MADE UP ITS MIND BETWEEN MOREALES AND PINERUA.) HOWEVER, PINERUA IS NOT POPULAR WITH MANY OF THE AD  
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YOUTH LEADERS AND, IN ADDITION TO MORALES, FACES OPPOSITION (MOSTLY COVERT) FROM A FEW IN THE PARTY'S OLDER LEADERSHIP. IN ADDITION, ADECOS AT VARIOUS LEVELS FEAR THAT PINERUA IF ELECTED SECRETARY GENERAL WOULD NOT ONLY DOMINATE THE PARTY BUT ALSO NAIL DOWN THE 1978 AD PRESIDENTIAL CANDIDACY, WITH A CONSEQUENT TENDENCY TO WORK HARDER TO ADVANCE HIS OWN PRESIDENTIAL INTERESTS THAN TO PROMOTE THE PARTY'S GENERAL WELFARE. (IT IS ALSO RUMORED THAT PRESIDENT PEREZ IS ANNOYED WITH PINERUA BECAUSE OF THE LATTER'S RECENT CRITICISMS OF PEREZ FOR BEING TOO CLOSELY LINKED WITH BIG BUSINESS.) A "STOP-PINERUA" MOVEMENT CONSEQUENTLY HAS GATHERED IN FAVOR OF KEEPING IN PLACE THE CURRENT SECRETARY GENERAL, DEPUTY CARLOS CANACHE MATA (EARLIER REGARDED AS ONLY A STOPGAP FOR PINERUA). CANACHE, AN AMBITIOUS BUT CAREFUL PARTY HIERARCH AND OPPONENT OF MORALES, APPARENTLY IS PREPARED TO STEP ASIDE IN FAVOR OF PINERUA, BUT WOULD CLEARLY ACCEPT A PARTY DRAFT AS THE "CANDIDATE OF CONSENSUS." OPPOSITION TO PINERUA'S CANDIDACY HAS COALSSED ABOUT CANACHE TO SUCH AN EXTENT THAT PINERUA HAS WARNED HIM TO DESIST. PINERUA HAS ALSO LET IT BE KNOWN THAT HE INTENDS TO RUN FOR THE SECRETARY GENERALSHIP ON HIS OWN ONE-MAN SLATE (SO THAT IF HE WINS HE WILL HAVE A FREE HAND TO REWARD HIS SUPPORTERS).

6. MEANTIME, VETERAN PARTY LEADER SENATOR REINALDO LEANDRO MORA, WHO OPPOSES PINERUA (BUT NOT TOO OPENLY) AND HAS ABETTED MORALES (AGAIN NOT TOO PUBLICLY), IS ALSO PROMOTING HIMSELF AS A COMPROMISE SECRETARY GENERAL TO BRIDGE THE GAP BETWEEN THE PINERUA AND MORALES FACTIONS. AT THE MOMENT, BARRING SOME

DRAMATIC INTRA-PARTY UPHEAVAL, PINERUA APPEARS POSITIONED TO OVERWHELM MORALES, OVERAWE CANACHE OR ANY OTHER COMPROMISE CANDIDATE AND WIN THE ELECTION AS THE PARTY'S SECRETARY GENERAL. IF PINERUA'S CANDIDACY SHOULD RUN INTO REAL TROUBLE, HOWEVER, CANACHE OR POSSIBLY SENATOR OCTAVIO LEPAGE (WHO DISLIKES MORALES AND IS HIMSELF A POSSIBLE AD 1978 PRESIDENTIAL CANDIDATE) WOULD LIKELY BE THE AD ESTABLISHMENT'S CHOICE FOR SECRETARY GENERAL, WITH PINERUA PROBABLY RETAINING A TOP POSITION IN THE AD NATIONAL EXECUTIVE COMMITTEE.

7. THE SUMMER'S AD CONVENTION IS THEREFORE IMPORTANT IN TERMS OF THE PARTY'S FUTURE ROLE, AS WELL AS TO PINERUA'S ASPIRATIONS. A PROLONGATION OF THE INTERNAL DIVISIONS OVER  
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PINERUA'S ROLE WOULD WEAKEN THE PARTY AT A TIME OF NATIONAL STRESS AND COMPLICATE THE PRESIDNET'S JOB OF TAKING THE COUNTRY THROUGH A SMOOTH TRANSITION TO THE POST-NATIONALIZATION ERA. DECLINING ADECO ENTHUSIASM FOR CARLOS ANDRES MAY ALSO MAKE THE NATIONALIZATION PROCESS MORE DIFFICULT. THE SITUATION IN GENERAL DOES NOT THREATEN THE STABILITY OF THE GOV BUT DOES DIM THE PROSPECTS FOR EFFECTIVE GOVERNMENT DURING A PERIOD WHEN DECISIONS CRUCIAL TO VENEZUELA'S FUTURE WILL BE TAKEN.  
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## Message Attributes

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